

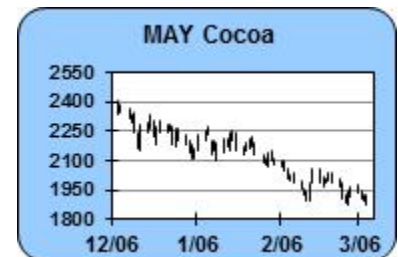


DAILY SOFTS CURRENCY COMMENTARY Friday March 10, 2017

DAILY COCOA COMMENTARY 03/10/17

Record open interest leaves market vulnerable to shift in tone

With record open interest and specs holding a massive net short position, minor positive news could spark a major upside reaction. Cocoa has managed to avoid further technical damage so far, but sluggish risk sentiment is making it difficult to sustain any upside momentum. The market closed lower yesterday for a fourth negative daily result in a row. Although the Dollar ran out of near-term steam, it remains well supported going into today's US jobs data which in turn has helped to keep commodity risk sentiment subdued at best. Decent rainfall over West African cocoa-growing areas has increased optimism for the region's mid-crop potential. Ivory Coast and Ghana have enjoyed more moderate weather during their dry season so far this year, which would benefit not only this season's mid-crop but potentially the 2017/18 main crop that begins to be harvested in October. There are increasing chances for an El Nino weather event later in 2017, however, which could impact production in West Africa and Indonesia. The latest COT report will be released after today's close and will reflect a 9 point price increase between measuring dates.



TODAY'S MARKET IDEAS:

Cocoa's best near-term hope for regaining upside momentum is from stronger risk appetites that in turn will help to boost its demand outlook. Near-term support for May cocoa is at 1871 while resistance is at 1943. Major downtrend channel resistance is at 1974 today.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COCOA TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

COCOA (MAY) 03/10/2017: Daily stochastics are trending lower but have declined into oversold territory. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 1st swing support could weigh on the market. The next downside target is now at 1857. The next area of resistance is around 1919 and 1940, while 1st support hits today at 1877 and below there at 1857.

DAILY COFFEE COMMENTARY 03/10/17

Seems to have fundamentals to turn up but sluggish action

Coffee's inability to sustain upside momentum since posting its mid-January high has left the market in danger of remaining in a minor downtrend. The market experienced the lowest closing price since January 4th. Brazilian



farmers have sold 46.86 million bags, which is roughly 85% of coffee from their current crop according to Safras & Mercado and compares to 88% sold last year and a five year average of 81% sold. The US Climate Prediction Center (CPC) raised the chances of an El Nino event to 53% from 50%. This El Nino could emerge between October and December and has put growers and traders on alert as they normally bring dry conditions to Vietnam, Indonesia and northeast Brazil. There are reports that Brazil's Robusta-growing state of Espirito Santo could see their 2017/18 Robusta production increase by 20% or higher from the El-Nino impacted harvest last year. Along with decent rainfall over Arabica-growing areas in the states of Minas Gerais and Sao Paulo, Brazil's "off-year" production may only see around a 4 million bag decline. ICE exchange coffee stocks fell by just 92 bags on Thursday and remain more than 7.5% higher than their year-ending levels.

TODAY'S MARKET IDEAS:

Coffee's lackluster price action will leave it vulnerable to negative risk sentiment and further weakness. Near-term support for May coffee is at 138.10 while resistance is at 142.50. If 139.65 can hold, keep 148.00 as upside target.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long May coffee 155.00 call from 200 with an objective of 590. Risk to 70.

COFFEE TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

COFFEE (MAY) 03/10/2017: Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 138.32. The next area of resistance is around 141.77 and 143.61, while 1st support hits today at 139.13 and below there at 138.32.

DAILY COTTON COMMENTARY

03/10/17

A move under uptrend channel support at 77.20 today sours tech

The market experienced a volatile outside day down trade yesterday as the USDA report kept traders active. The US numbers were clearly supportive to the market, but the world numbers are bearish and the focus of attention may be shifting to the new crop outlook. Some traders are nervous given the 14% jump in US plantings and the 7% jump in India. The USDA raised exports by 500,000 bales to 13.2 million bales as compared with trade expectations for 12.9 million and just 9.15 million last year. This pushed ending stocks down to 4.5 million bales from trade expectations for near 4.7 million bales. This is still an 8 year high. World ending stocks were expected to decline some but were revised up to 90.48 million bales from 89.9 million last month. While the market continues to find support from the idea that world ending stocks are declining, at 90.48 million bales world ending stocks would represent 80.5% of annual usage. China sold 30,000 tonnes from their reserves today which was 93.7% of what was offered. Strong sales all week means that eventually, China import demand could slow.



TODAY'S MARKET IDEAS:

Closing lower after a supportive USDA report is a bearish signal to the market and could signal a shift in focus to the new crop outlook. The market looks vulnerable to a setback with speculators holding a near record high net long position. May cotton short-term resistance is at 78.15 and 79.11, with support at 75.75 and 74.60.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COTTON TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

COTTON (MAY) 03/10/2017: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal down puts the market on the defensive. The market's close below the pivot swing number is a mildly negative setup. The next upside target is 79.31. The next area of resistance is around 78.56 and 79.31, while 1st support hits today at 77.08 and below there at 76.35.

COTTON (DEC) 03/10/2017: The rally brought the market to a new contract high. Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. The outside day up and close above the previous day's high is a positive signal. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 76.07. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 75.86 and 76.07, while 1st support hits today at 75.12 and below there at 74.59.

DAILY SUGAR COMMENTARY

03/10/17

Needs headline news to halt long liquidation trend; weak

Sugar has lost over 7% in value so far this week and while it most likely has a much smaller net spec long position, the market is in need of fresh near-term bullish supply news. The market experienced the lowest close since December 23rd. Risk sentiment remains subdued in front of today's US jobs data while crude oil, corn and Brazilian real saw a second straight day of sizable losses that in turn kept carryover pressure on sugar prices. While Indian production this season could come in under 20 million tonnes, both their government and trade officials are signaling that they will not have to relax import duties. China cut their 2016-17 sugar output forecast to 9.7 million tonnes from 9.9 million estimated in February. Chinese 2016/17 sugar consumption was kept unchanged at 15.0 million tonnes and in spite of their state reserve sales this season, China should remain an aggressive importer of sugar. The US Climate Prediction Center (CPC) raised the chance of an El Nino weather event this year to 53% from 50% last month, which could bring drier conditions to Thailand and India but may not arrive in time to impact Australia's crop. The latest COT report will reflect an 83 tick decline between measuring dates, which could result in sugar losing its status of largest net spec long position for an Ag commodity to corn.



TODAY'S MARKET IDEAS:

Look for downside follow-through if risk sentiment does not improve after the US jobs numbers as sugar could finish the week by posting a new 9-month low. May sugar will find near-term support at 17.66 while resistance is at 18.34.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

SUGAR TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

SUGAR (MAY) 03/10/2017: Momentum studies are declining, but have fallen to oversold levels. A negative signal for trend short-term was given on a close under the 9-bar moving average. The outside day down is somewhat negative. The close below the 1st swing support could weigh on the market. The next downside target is 17.43. The market is approaching oversold levels on an RSI reading under 30. The next area of resistance is around 18.37 and 18.92, while 1st support hits today at 17.63 and below there at 17.43.

OJ TECHNICAL OUTLOOK:

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

ORANGE JUICE (MAY) 03/10/2017: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next upside target is 177.50. The next area of resistance is around 173.90 and 177.50, while 1st support hits today at 168.80 and below there at 167.25.

DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
SOFTS MARKETS COMPLEX										
SBAK7	18.00	20.33	26.78	11.12	5.98	18.49	19.00	19.65	20.16	19.74
CTAK7	77.82	55.84	56.94	64.18	66.75	78.26	77.57	77.09	75.73	74.54
CTAZ7	75.48	73.69	71.62	90.38	94.59	75.42	74.98	74.57	73.08	72.14
CCAK7	1898	34.52	36.23	29.19	24.00	1915.50	1925.89	1955.72	2064.04	2105.22
OJAK7	171.30	55.41	52.62	72.34	79.54	173.88	167.65	167.88	169.79	175.53
KCAK7	140.45	33.74	37.03	19.72	13.53	141.09	142.28	145.38	148.47	146.91
MAH7	15.82	24.03	28.18	9.89	9.16	15.89	15.99	16.34	16.85	16.98

Calculations based on previous session. Data collected 03/09/2017

Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
SOFTS MARKETS COMPLEX						
SBAK7	Sugar	17.42	17.62	18.17	18.37	18.92
CTAK7	Cotton	76.35	77.08	77.83	78.56	79.31
CTAZ7	Cotton	74.58	75.11	75.33	75.86	76.07
CCAK7	Cocoa	1856	1877	1898	1919	1940
OJAK7	Orange Juice	167.20	168.75	172.35	173.90	177.50
KCAK7	Coffee	138.31	139.12	140.96	141.77	143.61
MAH7	Milk	15.67	15.72	15.87	15.92	16.07

Calculations based on previous session. Data collected 03/09/2017

Data sources can & do produce bad ticks. Verify before use.

***This report includes information from sources believed to be reliable and accurate as of the date of this publication, but no independent verification has been made and we do not guarantee its accuracy or completeness. Opinions expressed are subject to change without notice. Any information or recommendation contained herein: (i) is not based on, or tailored to, the commodity interest or cash market positions or other circumstances or characterizations of particular investors or traders; (ii) is not customized or personalized for any such investor or trader; and (iii) does not take into consideration, among other things, risk tolerance, net worth, or available risk capital. Any use or reliance upon the information or recommendations is at the sole discretion and election of the subscriber. The risk of loss in trading futures contracts or commodity options can be substantial, and traders should carefully consider the inherent risks of such trading in light of their financial condition. Any reproduction or retransmission of this report without the express written consent of Lakefront Futures is strictly prohibited.